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NUEXCO REPORT NO. 238 FIGURES OF THE MONTH (May 31, 1988)	This Month (Report 238)	Last Month (Report 237)	12 Months Ago (Report 226)
Exchange Value ($US per pound U_3O_8)	15.40	15.75	17.00
US Premium for the Exchange Value ($US per pound U_3O_8)	0.60	0.25	.90
UF_6 Value ($US per kg U as UF_6)	44.75	45.25	47.75
US Premium for the UF_6 Value ($US per kg U as UF_6)	1.00	.50	2.25
Transaction Value ($US per pound U_3O_8 equivalent)	16.10	16.45	17.20
Loan Rate (Per Annum)	3.5%	3.5%	3%
Conversion Value ($US per pound U as UF_6)	1.80	1.80	1.80
Near-Term Uranium Supply[1] (millions of pounds U_3O_8)	7.0	5.6	4.1
Near-Term Uranium Demand[2] (millions of pounds U_3O_8)	.9	1.2	1.4
Near-Term Supply-Demand Ratio	7.8	4.8	3.0
Recent Uranium Sales:[3]			
Number of Transactions	6	1	6
Quantity of Material (Millions of pounds U_3O_8 equivalent)	1.5	<0.3	5.3
Nuexco SWU Value: ($US per SWU)[8]			
at 0.3 tails assay	68	68	75
US DOE SWU Prices: ($US per SWU)			
USEC	117.00[4]	117.00[4]	119.00[5]
AFC	153.00[6]	153.00[6]	153.00[6]
Requirements	157.00[6]	157.00[6]	157.00[6]
Incentive Price	90.00[7]	90.00[7]	90.00[7]
Market Value of Enriched UF_6[8]: ($US per kg U as UF_6)			
2.5 w/o U_{235}	409	414	450
3.0 w/o U_{235}	323	529	575
3.5 w/o U_{235}	639	646	702
4.0 w/o U_{235}	757	765	831

[1]Active inquiries to sell, for delivery within 12 months after contract signing.

[2]Active inquiries to purchase, for delivery within 12 months after contract signing.

[3]Uranium sales only; does not include loans, conversion, or SWU transactions.

[4]Effective since 10/1/87.

[5]Effective since 10/1/86.

[6]Effective since 10/1/84.

[7]Effective since 10/1/86, for up to 30% of annual requirements.

[8]Calculated using the Nuexco Exchange Value, Conversion Value, SWU Value and 0.30 percent tails assay.

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EXECUTIVE SUMMARY
REPORT 238
(All data as of May 31, 1988)

Exchange Value $15.40, down $0.35

The **Exchange Value** is **$15.40** per pound U_3O_8, down $0.35 since last month. The US Premium (relative to the Exchange Value) is $0.60, up $0.35 since last month.

UF_6 Value $44.75 down $0.50

The **UF_6 Value** is **$44.75** per kg U as UF_6, down $0.50 since last month. The US Premium (relative to the UF_6 Value) is $1.00, up $0.50 since last month.

Transactions

Six recent natural uranium sales are reported, involving approximately **1.5 million** pounds equivalent U_3O_8. Four of these sales involved spot or near-term delivery, and met the conditions for inclusion in the Transaction Value. Active spot and near-term **uranium supply** amounts to **7.0 million** pounds U_3O_8 equivalent, up 1.4 million pounds since last month. Active spot and near-term **uranium demand** totals **900,000** pounds, down 300,000 pounds since last month. The spot and near-term **supply-demand ratio** increased to **7.8 to 1**.

Transaction Value $16.10, down $0.35

The **Transaction Value** is **$16.10** per pound U_3O_8, **down $0.35** since last month. The calculation includes 21 transactions involving a total of more than 2.6 million pounds U_3O_8 and equivalent UF_6 and covers a period of 5 months.

Loan Rate 3.5%, unchanged

The **Loan Rate** is **3.5 percent** per annum, unchanged. No loan transactions are reported.

Conversion Value $1.80, unchanged

The **Conversion Value** is **$1.80** per pound U as UF_6, unchanged since last month. There were two secondary market tranactions for conversion services this month. Active demand totals 750,000 pounds U as UF_6.

SWU Value $68, unchanged

The **SWU Value** at .3% tails assay is **$68** per SWU, unchanged since last month. One secondary market SWU transaction is reported this month, involving less than 100,000 SWU. Two sales of low-enriched uranium sales were also concluded.

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Australia

The Australian Labor Party is unlikely to debate the Three-Mine Policy at its upcoming conference, despite extensive media attention recently given the uranium industry.

Federal Republic of Germany

The Social Democratic Party won a majority in Schweswig-Holstein's May election, and has pledged to shut down all three operating nuclear plants in the state.

France

The recent release of three French hostages held in Iran has led to speculation that the French government may have made a third payment on the 1974 loan from Iran to finance part of the Tricastin-Eurodif enrichment plant construction.

Japan

Japan announced the May start-up of its 100,000 SWU-per-year prototype centrifuge enrichment plant.

United States

Long Island Lighting Company and the State of New York have reached agreement in principle to scrap the Shoreham nuclear power plant. The decision may affect the Seabrook plant in New Hampshire.

Analysis & Commentary

Contracting practices for natural uranium have changed since the 1970s as a result of the strengthened position of buyers. In particular, market-related pricing has become more prevalent, and flexibility provisions governing delivery quantities and schedules have increased in importance to buyers. This report discusses recent uranium contracting trends, as well as various contract term preferences by geographical region.